

Executive Summary

In Texas, certification as a historically underutilized business (HUB) can increase the opportunities for companies owned by minority members, service-disabled veterans and women to do business with the state, thus furthering the Legislature's goal of supporting such businesses. The HUB certification process is administered by the Texas Comptroller of Public Accounts' Statewide Procurement Division.

During the first six months of fiscal 2017, Texas had more than 14,650 certified HUBs. About 24.3 percent of them participated in state contracts as prime contractors or subcontractors, collectively receiving 11.83 percent of all statewide expenditures.

State entities must search the Centralized Master Bidders List (CMBL) when planning to buy goods and services that cost more than \$5,000. Based on the results of their searches, they contact vendors directly by mail, fax, email or telephone with invitations for bids. At the end of the first half of fiscal 2017, about 36.6 percent of the state's certified HUBs were registered with the CMBL.

The state's overall spending through term contract purchases during the first half of fiscal 2017 totaled about \$72 million less than in the same period of the previous year. The percentage of dollars HUBs were paid as a result of term contract purchases decreased from 6.6 percent to 4.2 percent.

The state's overall spending through group purchases for the first half of fiscal 2017 increased by nearly 43 percent from the same period in the previous year, from slightly more than \$82.5 million to about \$145 million. Total group-purchasing dollars spent with HUBs, increased by 18 percent, and comprised almost 9.7 percent of group purchases.

This report summarizes current HUB status and spending trends.

Total Statewide Expenditures

The state's total spending in the first six months of fiscal 2017 increased by more than \$271 million compared with the first half of fiscal 2016. The state's total spending with HUBs increased by more than \$61.1 million (or 5.73 percent) during the same period, while the share of total statewide expenditures going to HUBs rising from 11.52 percent to 11.83 percent.

Fiscal Year	Total Statewide Expenditures	Total HUB Expenditures	HUB Percent
Fiscal 2017 – Semi-Annual	\$9,528,199,757	\$1,127,465,183	11.83%
Fiscal 2016 – Semi-Annual	\$9,257,145,821	\$1,066,363,170	11.52%
Fiscal 2016	\$18,898,542,734	\$2,135,516,671	11.30%
Fiscal 2015	\$16,961,932,186	\$2,029,550,710	11.97%

Who Owns Texas HUBs

Eligible HUB Groups	Fiscal 2017 – Semi-Annual			Fiscal 2016 – Semi-Annual		
	Number of Certified HUBs	Males	Females	Number of Certified HUBs	Males	Females
Asian Pacific American	1,104	737	367	1,097	726	371
Black American	3,117	1,876	1,241	3,021	1,834	1,187
Hispanic American	4,512	3,210	1,302	4,552	3,235	1,317
Native American	287	205	82	299	209	90
Woman*	5,526	0	5,526	5,609	0	5,609
Service-Disabled Veteran**	113	113	0	77	77	0
TOTAL	14,659	6,141	8,518	14,655	6,081	8,574

*The "Woman" category does not include women who are Service-Disabled Veterans or of Asian Pacific American, Black American, Hispanic American and Native American ethnicities.

**The "Service-Disabled Veteran" category does not include women or individuals who are of Asian Pacific American, Black American, Hispanic American and Native American ethnicities.

Source: Texas Comptroller of Public Accounts.

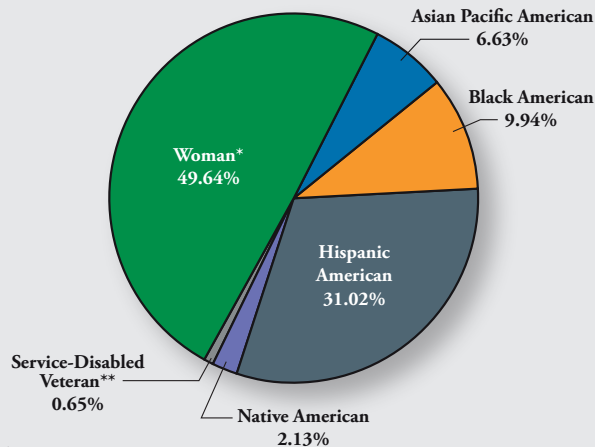
Expenditures with HUB Groups

Between the first half of fiscal 2016 and the first half of fiscal 2017, state spending with HUBS owned by Asian Pacific Americans, Black Americans, Hispanic Americans, and service-disabled veterans increased by 8.64 percent, 18.52 percent, 17.61 percent, and 3.48 percent, respectively. State spending with Native Americans decreased by 9.45 percent and Women-Owned businesses also experienced a decrease of 3.66 percent. The overall share of money going to HUBs rose by 5.73 percent (approximately \$61.10 million).

Eligible HUB Groups	Fiscal 2017		Fiscal 2016	
	Number of Awards	Total HUB Expenditures	Number of Awards	Total HUB Expenditures
Asian Pacific American	236	\$163,322,451	240	\$150,339,766
Black American	354	\$128,184,775	324	\$108,150,864
Hispanic American	1,105	\$322,546,521	1,039	\$274,244,186
Native American	76	\$14,722,642	73	\$16,259,403
Woman*	1,768	\$495,188,554	1,761	\$513,986,410
Service-Disabled Veteran**	23	\$3,500,237	17	\$3,382,539
TOTAL	3,562	\$1,127,465,183	3,454	\$1,066,363,170

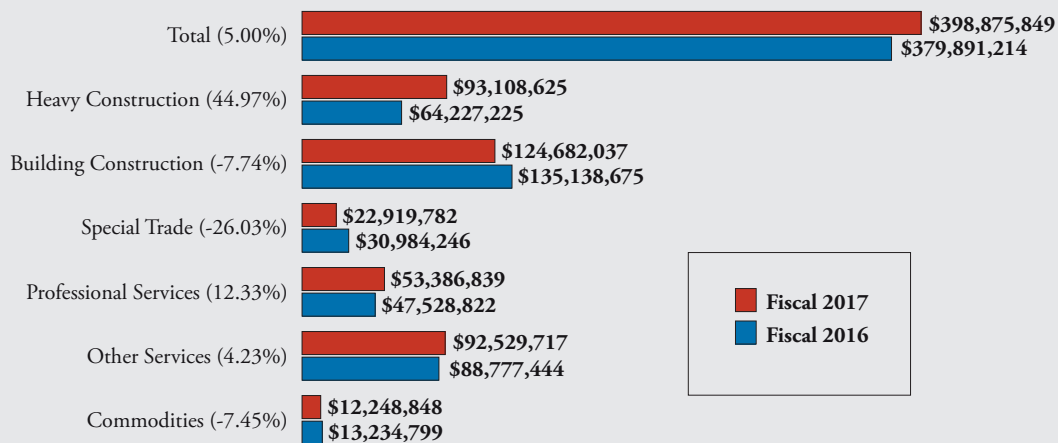
Who Receives HUB Expenditures?

Businesses owned by Anglo women received more than 49.6 percent of the state expenditures with HUBs in the first six months of fiscal 2017.



Subcontracting

The following chart compares subcontracting spending with HUBs for the first six months of fiscal 2016 and 2017.



Note: The number of awards reflected in the table above are those made to Vendor ID Numbers eligible for HUB credit. Similarly, the percentages reflected in the pie chart above are based on the number of Vendor ID Numbers eligible for HUB credit.

*The "Woman" category does not include women who are Service-Disabled Veterans or of Asian Pacific American, Black American, Hispanic American and Native American ethnicities.

**The "Service-Disabled Veteran" category does not include women or individuals who are of Asian Pacific American, Black American, Hispanic American and Native American ethnicities.

Source: Texas Comptroller of Public Accounts.

Business Categories

From the first half of fiscal 2016 to the first half of fiscal 2017, state spending with HUBs increased in all business categories with the exception of two. The increases were 29.02 percent for heavy construction, 5.06 percent for building construction, 25.83 percent for professional services, and 3.23 percent for other services. Special trades and commodities decreased 4.07 and 5.15 percent respectively.

Fiscal 2017 – Semi-Annual***

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$3,320,464,309	\$166,774,654	5.02%
Building Construction	21.10%	\$819,303,746	\$168,150,212	20.52%
Special Trade	32.90%	\$345,153,709	\$80,258,903	23.25%
Professional Services	23.70%	\$468,608,554	\$114,838,790	24.51%
Other Services	26.00%	\$2,233,955,936	\$324,539,954	14.53%
Commodities	21.10%	\$2,340,713,501	\$272,902,667	11.66%
TOTAL**		\$9,528,199,755	\$1,127,465,180	11.83%

Fiscal 2017 Semi-Annual Statewide HUB Subcontracting Expenditures: \$398,875,849

Fiscal 2016 – Semi-Annual***

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$3,010,788,938	\$129,265,902	4.29%
Building Construction	21.10%	\$859,538,951	\$160,051,962	18.62%
Special Trade	32.90%	\$310,272,592	\$83,662,994	26.96%
Professional Services	23.70%	\$383,386,907	\$91,267,466	23.81%
Other Services	26.00%	\$2,300,766,348	\$314,396,614	13.66%
Commodities	21.10%	\$2,392,392,083	\$287,718,229	12.03%
TOTAL**		\$9,257,145,821	\$1,066,363,170	11.52%

Fiscal 2016 Semi-Annual Statewide HUB Subcontracting Expenditures: \$379,891,214

Fiscal 2016

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$6,365,376,337	\$289,396,651	4.55%
Building Construction	21.10%	\$1,740,902,776	\$311,113,532	17.87%
Special Trade	32.90%	\$668,738,256	\$185,921,732	27.80%
Professional Services	23.70%	\$827,422,452	\$187,152,552	22.62%
Other Services	26.00%	\$4,580,467,625	\$616,189,903	13.45%
Commodities	21.10%	\$4,715,635,286	\$545,742,299	11.57%
TOTAL**		\$18,898,542,734	\$2,135,516,671	11.30%

Fiscal 2016 Statewide HUB Subcontracting Expenditures: \$789,307,907

Fiscal 2015

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$5,279,525,567	\$266,333,119	5.04%
Building Construction	21.10%	\$1,703,623,997	\$275,454,333	16.17%
Special Trade	32.90%	\$645,612,438	\$162,962,501	25.24%
Professional Services	23.67%	\$725,661,908	\$215,269,331	29.67%
Other Services	26.00%	\$4,187,585,949	\$606,572,260	14.49%
Commodities	21.10%	\$4,187,585,949	\$502,959,164	11.38%
TOTAL**		\$16,961,932,186	\$2,029,550,710	11.97%

Fiscal 2015 Statewide HUB Subcontracting Expenditures: \$785,845,798

* For HUB reporting purposes, expenditures with all HUBs certified at any time during the current fiscal year are counted toward annual HUB procurement usage goals.

** Slight differences in some totals are due to rounding.

*** Total for first six months of fiscal year.

Source: Texas Comptroller of Public Accounts.

Spending on Statewide Term Contracts

Term contracts are developed to consolidate the needs of multiple agencies, providing a simpler purchasing process for commonly used items and yielding lower prices through higher-volume purchases.

During the first six months of fiscal 2017, the state spent 20.33 percent less (over \$72 million) through term contracts than in the first half of fiscal 2016. Total state spending with HUBs through term contracts decreased by approximately 49.2 percent (more than \$11.4 million) between the same period.

Fiscal 2017 – Semi-Annual***

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$3,036	\$0	0.00%
Building Construction	21.10%	\$234,143	\$16,956	7.24%
Special Trade	32.90%	\$679,072	\$117,132	17.25%
Professional Services	23.70%	\$906,171	\$29,695	3.28%
Other Services	26.00%	\$10,671,051	\$800,745	7.50%
Commodities	21.10%	\$269,780,134	\$10,837,052	4.02%
TOTAL **		\$282,273,607	11,801,580	4.18%

Fiscal 2016 – Semi-Annual***

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$88,241	\$0	0.00%
Building Construction	21.10%	\$133,207	\$113	0.08%
Special Trade	32.90%	\$573,700	\$17,655	3.08%
Professional Services	23.70%	\$1,099,097	\$224,884	20.46%
Other Services	26.00%	\$16,430,871	\$6,217,871	37.84%
Commodities	21.10%	\$335,996,980	\$16,759,219	4.99%
TOTAL **		\$354,322,096	\$23,219,742	6.55%

Fiscal 2016

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$141,329	\$0	0.00%
Building Construction	21.10%	\$159,825	\$632	0.40%
Special Trade	32.90%	\$1,617,693	\$29,271	1.81%
Professional Services	23.70%	\$1,835,907	\$92	0.01%
Other Services	26.00%	\$20,333,314	\$1,140,541	5.61%
Commodities	21.10%	\$639,268,668	\$23,757,621	3.72%
TOTAL **		\$663,356,736	\$24,928,157	3.76%

Fiscal 2015

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$84,118	\$0	0.00%
Building Construction	21.10%	\$285,532	\$84,808	29.70%
Special Trade	32.90%	\$2,006,360	\$72,529	3.61%
Professional Services	23.70%	\$1,132,481	\$98,090	8.66%
Other Services	26.00%	\$21,722,417	\$1,166,856	5.37%
Commodities	21.10%	\$585,937,337	\$21,982,666	3.75%
TOTAL **		\$611,168,245	\$23,404,949	3.83%

* For HUB reporting purposes, expenditures with all HUBs certified at any time during the current fiscal year are counted toward annual HUB procurement usage goals.

** Slight differences in some totals are due to rounding.

*** Total for first six months of fiscal year.

Source: Texas Comptroller of Public Accounts.

Spending on Statewide Group Purchasing

Group purchasing allows institutions of higher education to coordinate their purchases to maximize their purchasing power.

During the first half of fiscal 2017, state spending through group purchasing rose by approximately \$62.4 million compared with the first half of fiscal 2016. State spending with HUBs through group purchasing rose by nearly 18 percent (approximately \$2.1 million).

Fiscal 2017 – Semi-Annual***

Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$0	\$0	0.00%
Building Construction	21.10%	\$2,502,912	\$1,246,338	49.80%
Special Trade	32.90%	\$4,094,565	\$251,145	6.13%
Professional Services	23.70%	\$3,849,353	\$ 88,654	2.30%
Other Services	26.00%	\$17,301,628	\$576,835	3.33%
Commodities	21.10%	\$117,137,395	\$11,831,998	10.10%
TOTAL **		\$144,885,853	\$13,994,970	9.66%

Fiscal 2016 – Semi-Annual***

Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$0	\$0	0.00%
Building Construction	21.10%	\$5,706,477	\$2,760,949	48.38%
Special Trade	32.90%	\$14,199,557	\$360,312	2.54%
Professional Services	23.70%	\$2,020,728	\$44,422	2.20%
Other Services	26.00%	\$22,161,301	\$2,048,964	9.25%
Commodities	21.10%	\$38,404,243	\$6,652,570	17.32%
TOTAL **		\$82,492,306	\$11,867,217	14.39%

Fiscal 2016

Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$20,104	\$20,104	100.00%
Building Construction	21.10%	\$8,360,217	\$3,581,349	42.84%
Special Trade	32.90%	\$19,768,193	\$2,188,291	11.07%
Professional Services	23.70%	\$4,293,676	\$84,033	1.96%
Other Services	26.00%	\$37,194,238	\$4,021,008	10.81%
Commodities	21.10%	\$69,414,316	\$14,767,049	21.27%
TOTAL **		\$139,050,744	\$24,661,834	17.74%

Fiscal 2015

Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$28,438	\$0	0.00%
Building Construction	21.10%	\$5,669,354	\$1,612,383	28.44%
Special Trade	32.70%	\$27,196,742	\$2,061,903	7.58%
Professional Services	23.60%	\$3,082,203	\$49,451	1.60%
Other Services	24.60%	\$15,544,139	\$1,251,976	8.05%
Commodities	21.00%	\$101,488,110	\$12,826,561	12.64%
TOTAL **		\$153,008,986	\$17,802,274	11.63%

* For HUB reporting purposes, expenditures with all HUBs certified at any time during the current fiscal year are counted toward annual HUB procurement usage goals.

** Slight differences in some totals are due to rounding.

*** Total for first six months of fiscal year.

Source: Texas Comptroller of Public Accounts.

State agencies and higher education institutions are responsible for the accuracy of their self-reported data and are required to confirm that they have reported correct information to the Comptroller's Statewide Procurement Division before the division finalizes the state's semi-annual and annual HUB reports.